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**United States District Court
Central District of California**

11 IT'S MY SEAT, INC, et al.,

12 Plaintiffs,

13 v.

14 HARTFORD CAPITAL, LLC, et al.,

15 Defendants.
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Case № 2:22-cv-02192-ODW (AFMx)

**ORDER DENYING MOTION TO
STAY [11]; AND
ORDER TO SHOW CAUSE RE:
CONSOLIDATION**

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I. INTRODUCTION

19 Plaintiffs It's My Seat, Inc. and Vahe Shahinian brought this suit against
20 Defendants Hartford Capital, LLC; EIN Cap, Inc.; Russell Naftali; Kevin Woodley;
21 and Gene Slavin, alleging that in 2019, Defendants fraudulently induced Plaintiffs into
22 taking out a high-interest loan. (Notice of Removal ("NOR") Ex. 1 ("Compl.") ¶ 37,
23 ECF No. 1.) Plaintiffs are also pursuing a concurrent action in this Court, *It's My*
24 *Seat, Inc. v. Hartford Capital, LLC*, No. 2:20-cv-06378-ODW (AFMx) (C.D. Cal.
25 filed July 17, 2020) (hereinafter, "*It's My Seat I*"). *It's My Seat I* arises from the same
26 transaction and currently involves only one defendant, Bryan Stein, whom Plaintiffs
27 allege is a managing partner of Hartford. (Compl. ¶ 26); NOR Ex. 1 ¶ 26, *It's My*
28 *Seat I*, ECF No. 1 (identical allegation).

1 Defendant EIN now moves to stay this case pending the resolution of *It's My*
 2 *Seat I*, a motion which Plaintiffs do not oppose but which Defendant Hartford does.
 3 (*See generally* Mot. Stay (“Motion” or “Mot.”), ECF No. 11; Opp’n, ECF No. 12.)
 4 The Motion is fully briefed. (Reply, ECF No. 13.) For the reasons discussed below,
 5 the Court **DENIES** EIN’s Motion and **ORDERS** all parties **TO SHOW CAUSE** why
 6 the Court should not consolidate this case with *It's My Seat I* under Federal Rule of
 7 Civil Procedure (“Rule”) 42(a).¹

8 II. BACKGROUND

9 It’s My Seat is a ticket sales agency that Shahinian owns. (Compl. ¶ 22.)
 10 Plaintiffs produce and promote various events that exclusively make use of their own
 11 ticketing system, a business model that requires Plaintiffs to pay for required services
 12 upfront. (*Id.*) Plaintiffs allege that Hartford and EIN are New York companies that
 13 are alter egos of Naftali, Woodley, Slavin, and non-party Craig Walters.² (*Id.* ¶ 16.)

14 Plaintiffs allege that Hartford approached them in January 2019, offering a
 15 \$750,000.00 line of credit (the “Term Loan”) at an interest rate of 8.89%, with the
 16 condition that Plaintiffs first take a \$250,000 loan (the “Bridge Loan”) for thirty days.
 17 (*Id.* ¶¶ 23, 26.) Plaintiffs understood that EIN would fund the Bridge Loan at an
 18 interest rate of 15%, to be paid on the initial principle, and Hartford would roll the
 19 Bridge Loan over to the Term Loan before Plaintiffs had to pay the higher interest
 20 rate. (*Id.* ¶ 26.) According to Plaintiffs, Defendants conspired to force Plaintiffs to
 21 take this Bridge Loan while Defendants had no intention of transitioning it into a
 22 Term Loan. (*Id.* ¶¶ 37–38.) Specifically, Plaintiffs allege that Hartford intentionally
 23 stalled on transitioning the Bridge Loan to the Term Loan in the hopes of forcing
 24 Plaintiffs to violate the loan agreement. (*Id.* ¶ 38.)

25 _____
 26 ¹ Having carefully considered the papers filed in connection with the Motion, the Court deemed the
 matter appropriate for decision without oral argument. Fed. R. Civ. P. 78; C.D. Cal. L.R. 7-15.

27 ² In the initial complaint for *It's My Seat I*, Plaintiffs alleged that Hartford is also an alter ego for
 28 Stein and Craig Leszczak, both nonparties in this action. NOR Ex. 1 ¶ 19, *It's My Seat I*. Although
 Plaintiffs do not identify them in the Complaint in this action as alter egos, their names appear
 throughout the Complaint. (*See generally* Compl.)

1 **A. *It's My Seat I***

2 On October 28, 2019, Plaintiffs sued Defendants and three other individuals
 3 (Stein, Walters, and Leszczak) in *It's My Seat I*, alleging promissory estoppel, fraud,
 4 intentional misrepresentation, negligent representation, and breach of contract. (*See*
 5 Mot. 3–5.) After the defendants in that action removed the case to this Court, on
 6 November 30, 2020, the Court dismissed all the defendants except Stein, without
 7 prejudice, based on Plaintiffs' failure to timely serve the summons and complaint. (*Id.*
 8 at 3.) The Court then set November 15, 2021, as the deadline for joining additional
 9 parties in *It's My Seat I*. Scheduling & Case Management Order 21, *It's My Seat I*,
 10 ECF No. 32. The deadline passed without action from Plaintiffs. (Mot. 4.) On
 11 March 18, 2022, the Court granted the parties' stipulation to continue the trial, with
 12 the condition that "[n]o deadlines already expired under the original [Scheduling
 13 Order] shall be reopened or extended, including . . . the 11-15-2021 deadline to hear
 14 any Motion to Amend Pleadings or Add Parties." Order Granting Stip. Continue
 15 Trial 3, *It's My Seat I*, ECF No. 46. Thus, in *It's My Seat I*, Plaintiffs' claims proceed
 16 against only Stein, with a court trial set for February 17, 2023. (Mot. 4.)

17 **B. This Action**

18 On March 4, 2022, unbeknownst to Stein and Defendants, Plaintiffs initiated
 19 the instant action in Los Angeles Superior Court. (*See* Compl.) Plaintiffs excluded
 20 Stein, Walters, and Leszczak from the list of named defendants, and replaced the
 21 breach of contract claim with a RICO charge. (*See id.*) Otherwise, this action arises
 22 out of the same transaction as that in *It's My Seat I* and Plaintiffs allege the same facts
 23 and claims against largely the same defendants. (*See id.*) EIN removed and now
 24 moves to stay this action pending the resolution of *It's My Seat I*. (*See generally*
 25 Mot.)

26 **III. LEGAL STANDARD**

27 The power to stay proceedings "is incidental to the power inherent in every
 28 court to control the disposition of the causes on its docket with economy of time and

1 effort for itself, for counsel, and for litigants.” *Peck v. County of Orange*, 528 F.
2 Supp. 3d 1100, 1105 (C.D. Cal. 2021) (quoting *Landis v. N. Am. Co.*, 299 U.S. 248,
3 254 (1936)). The court “may, with propriety, find it is efficient for its own docket and
4 the fairest course for the parties to enter a stay of an action before it, pending
5 resolution of independent proceedings which bear upon the case.” *Leyva v. Certified*
6 *Grocers of Cal., Ltd.*, 593 F.2d 857, 863 (9th Cir. 1979).

7 “The proponent of a stay bears the burden of establishing its need.” *Clinton v.*
8 *Jones*, 520 U.S. 681, 708 (1997) (citing *Landis*, 299 U.S. at 255). Among the factors
9 courts weigh in deciding whether to stay a pending proceeding are (1) “the possible
10 damage which may result from the granting of a stay,” (2) “the hardship or inequity
11 which a party may suffer in being required to go forward,” and (3) “the orderly course
12 of justice measured in terms of the simplifying or complicating of issues, proof, and
13 questions of law which could be expected to result from a stay.” *CMAX, Inc. v. Hall*,
14 300 F.2d 265, 268 (9th Cir. 1962) (citing *Landis*, 299 U.S. at 255); *see also Peck*,
15 528 F. Supp. 3d at 1105–06 (observing that this test, which originated with *Landis*,
16 continues to apply to decisions to stay proceedings).

17 IV. DISCUSSION

18 EIN moves to stay this action on the ground that it will suffer hardship due to
19 multiplicative discovery and the potential for inconsistent pretrial rulings. (Mot. 7.) It
20 also argues that Plaintiffs will suffer no prejudice and a stay would conserve judicial
21 resources. (*Id.*) Hartford opposes EIN’s Motion and contends a stay would prejudice
22 it, as findings against Stein in *It’s My Seat I* could bind Hartford here under preclusion
23 principles. (Opp’n 4–5.) Hartford also argues that resolution of its motion to dismiss
24 in this action would save judicial resources more effectively than a stay. (*Id.* at 5.)
25 Finally, Hartford argues that a stay will delay proceedings and make it more difficult
26 to conduct discovery, depose witnesses, and gather evidence. (*Id.*)

1 **A. Hardship or Inequity to EIN Absent a Stay**

2 EIN cites only two burdens it will suffer absent a stay: multiplicative discovery
3 and potentially inconsistent pretrial rulings. (Mot. 7.) EIN fails to explain, and the
4 Court cannot see, how EIN would be burdened by multiplicative discovery and
5 inconsistent pretrial rulings when EIN is no longer a party to the related case. EIN is
6 not required to conduct discovery in *It's My Seat I*, nor is EIN bound by pretrial
7 rulings in that case. Indeed, EIN identifies no instance where “multiplicative
8 discovery” or “inconsistent trial rulings” sufficiently burdened a movant to warrant a
9 stay, where the movant was not a party to the related case.

10 EIN also flatly states that “[e]quity dictates a stay in this action.” (*Id.*)
11 However, in support of this claim, EIN merely describes the procedural postures of *It's*
12 *My Seat I* and this action, and then concludes: “Clearly by the acts of the Plaintiffs,
13 they want to try the case with Stein they try the 2022 Case.” (*Id.* at 7–8.) The Court
14 finds EIN’s statement indecipherable. To the extent EIN is arguing that it is
15 inequitable to require EIN to litigate this case—which is substantially similar to *It's*
16 *My Seat I*, from which the Court previously dismissed EIN—such an argument fails.
17 The Court dismissed EIN from *It's My Seat I* without prejudice. Min. Order at 2, *It's*
18 *My Seat I*, ECF No. 23. Thus, that dismissal did not bar Plaintiffs “from returning
19 later, to the same court, with the same underlying claim.” *Semtek Int’l Inc. v.*
20 *Lockheed Martin Corp.*, 531 U.S. 497, 505 (2001). Although the propriety of
21 Plaintiffs’ actions is questionable given the case schedule in *It's My Seat I* and the
22 parties’ stipulation there, case law is clear that requiring EIN to “defend a suit, without
23 more, does not constitute a ‘clear case of hardship or inequity.’” *Lockyer v. Mirant*
24 *Corp.*, 398 F.3d 1098, 1112 (9th Cir. 2005) (quoting *Landis*, 299 U.S. at 255).

25 As EIN fails to make out a clear case of hardship or inequity, the Court
26 **DENIES** EIN’s Motion to Stay. *See Landis*, 299 U.S. at 255 (“[T]he suppliant for a
27 stay must make out a clear case of hardship or inequity in being required to go
28 forward”); *see, e.g., Montez v. Chase Home Fin. LLC*, No. 11-CV-530 JLS

1 (WMC), 2011 WL 2729445, at *1–2 (S.D. Cal. July 13, 2011) (denying a motion to
2 stay because the movant failed to make out a clear case of hardship in being required
3 to proceed with the litigation).

4 In light of the foregoing, the Court need not consider the remaining *Landis*
5 factors to determine that a stay of this action is not warranted. However, significant
6 judicial economy concerns regarding this case’s relationship to *It’s My Seat I* require
7 further discussion.

8 **B. Judicial Economy**

9 EIN argues that a stay “would conserve judicial resources by preventing the
10 Court from doing any work that would ultimately be unnecessary” if Stein is found
11 not liable. (Mot. 7.) However, EIN does not cite to any authority, or otherwise
12 explain how Stein’s liability (or lack thereof) affects Defendants’ liability in this
13 action. The Court will neither construct arguments for parties, nor will it “address
14 perfunctory and undeveloped arguments.” *Khademi v. S. Orange Cnty. Cmty. Coll.*
15 *Dist.*, 194 F. Supp. 2d 1011, 1027 (C.D. Cal 2002) (quoting *Williams v. Eastside*
16 *Lumberyard & Supply Co.*, 190 F. Supp. 2d 1104, 1114 (S.D. Ill. 2001)).

17 Hartford has moved to dismiss the claims asserted against it in this action and
18 argues that resolving that motion would save judicial resources more effectively than a
19 stay. (See Opp’n 5; Mot. Dismiss, ECF No. 18.) According to Hartford, this would
20 “[trim] down the complaint, [weed] out time-barred claims, . . . dismiss claimants
21 lacking standing and, in general, . . . pare down the pleadings and scope of this
22 action.” (*Id.*) This argument is unavailing. Whether the Court resolves Hartford’s
23 motion to dismiss now or later does not change the calculus of judicial economy one
24 whit.

25 Thus, the Court is not persuaded that a stay will impact judicial economy at all.
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1 C. Consolidation

2 Rather than stay this action—which would leave Hartford’s preclusion concerns
3 unsolved, delay resolution, and duplicate resources expended—the Court finds the
4 present circumstances ripe for consolidation.

5 A district court may consolidate common questions of law or fact. Fed. R. Civ.
6 P. 42(a)(2); *see Invs. Rsch. Co. v. U.S. Dist. Ct. for the Cent. Dist. of Cal.*, 877 F.2d
7 777, 777 (9th Cir. 1989). The court’s power to consolidate is broad, and controls even
8 over a party’s objection. *See In re Air Crash Disaster at Fla. Everglades on Dec. 29,*
9 *1972*, 549 F.2d 1006, 1013 (5th Cir. 1977) (citing *Mut. Life Ins. Co. of N.Y. v. Hillmon*,
10 145 U.S. 285, 293 (1892)). Here, *It’s My Seat I* and this case involve identical facts,
11 substantially identical parties, and arise out of the same transaction. (*See* Mot. 4–6).
12 Consolidating the cases would relieve parties of the burden of litigating twice, and
13 would also render Hartford’s nonparty preclusion concerns moot, as Hartford and
14 Stein would once-again be co-defendants. Indeed, but for Plaintiffs’ failure to timely
15 complete service or move to add parties there, Defendants would still be parties to *It’s*
16 *My Seat I*.

17 Judicial economy factors also support consolidation. The facts underlying both
18 cases are identical, meaning the relevant witnesses and evidence will also be largely
19 identical. The claims in both actions are substantially the same, save a separate breach
20 of contract claim in *It’s My Seat I* and a separate RICO claim here, meaning the law in
21 both cases is also largely the same. Absent consolidation, Plaintiffs will essentially try
22 the same case twice against different defendants.

23 Consolidating *It’s My Seat I* and this action would allow the Court to address
24 Plaintiffs’ claims against all named Defendants with a unified presentation of evidence
25 and application of law. Consolidation would also allow the Court to address
26 Plaintiffs’ strategic procedural conduct in bringing two substantively identical suits,
27 despite an agreement not to add parties to the original suit, and will permit all the
28 defendants, in this case and in *It’s My Seat I*, the opportunity to respond to that issue.

1 Accordingly, the Court **ORDERS** the parties to **SHOW CAUSE** why the Court
2 should not consolidate this case with *It's My Seat I* under Rule 42(a)(2), and the
3 consolidated actions proceed under the current case schedule in *It's My Seat I*.

4 **V. CONCLUSION**

5 For the reasons discussed above, the Court **DENIES** EIN's Motion to Stay,
6 (ECF No. 11), and **ORDERS** all parties to **SHOW CAUSE** why the Court should not
7 consolidate this case with *It's My Seat I*, as discussed above. The parties must submit
8 their responses by no later than **seven (7) days from the date of this Order**.

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10 **IT IS SO ORDERED.**

11
12 July 1, 2022

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16 **OTIS D. WRIGHT, II**
17 **UNITED STATES DISTRICT JUDGE**
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